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Operational activities of the United Nations for international development cooperation: Follow-up to policy recommendations of the General Assembly and the Council

Triennial comprehensive policy review of operational activities for development of the United Nations system

Report of the Secretary-General

Summary

- The 2004 triennial comprehensive policy review will be an important opportunity for the General Assembly to assess the overall functioning of the United Nations system at the country level and set its future course. The timing of this triennial comprehensive policy review is particularly significant: four years after the adoption of the Millennium Declaration and a year before its review by the General Assembly in 2005. First, it is an occasion to examine how the system has aligned country operations with the Declaration. Second, sufficient time has elapsed for a first look at the country-level impact of the reform processes set in motion by the Secretary-General in 1997 and 2002. Finally, the changing international environment has given rise to a debate on the role that the United Nations system should play in development cooperation.
- The report indicates that substantial progress has been made in bringing cohesion to the functioning of the system at the country level and in aligning its operations with the development agenda emerging from major United Nations conferences and summits and, in particular, to the Millennium Development Goals.

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- The ability of the United Nations system to translate internationally agreed development objectives into nationally relevant terms has been greatly enhanced by the broad acceptance of the Millennium Development Goals. The system is increasingly serving as a catalyst for national dialogue among all stakeholders for implementing the Millennium Development Goals, including within the framework of the poverty reduction strategy papers (PRSPs). The United Nations is helping to build partnerships for action and has devised instruments of accountability and monitoring, such as the Millennium Development Goal country reports.

- The evaluation of diagnostic and programming tools such as the common country assessment (CCA) and the United Nations Development Assistance Framework (UNDAF) shows their potential, especially in terms of increased coherence, and highlights the importance of a more integrated approach to national poverty reduction strategy frameworks.

- The reform processes have created strong imperatives to work together, especially among members of the United Nations Development Group Executive Committee and member organizations of the United Nations Development Group. The resident coordinator system is increasingly functioning in many countries as a vibrant instrument with a common set of goals. Clear guidelines have been issued on joint programming and actual joint programmes have been developed in such areas as HIV/AIDS, protection of children and advancement of women.

- The adoption of results-based programming and management by a majority of organizations is helping to create a new culture of efficiency, effectiveness and accountability based on benchmarking linked to overall development goals and targets.

- One critical area where United Nations development cooperation is being examined and made more coherent is in situations of transition from crisis to development. Crucial in this area is the ability to integrate reconstruction, rehabilitation and long-term development within a single strategic framework for peace-building and development. Significant progress has been made in this direction, as evidenced in the system-wide response to recent crisis situations, such as in Afghanistan and Liberia.

- Yet, the pace at which changes are taking place is slower than what would be desired. Efforts to simplify and harmonize processes between organizations have yielded limited efficiencies thus far. As a response, the United Nations Development Group has formulated a new work programme for accelerating simplification and harmonization efforts, the implementation of which will greatly depend on further institutional changes and on the funding environment.

- First, the capacity of the system as a whole, drawing on its competences and knowledge, to make available relevant technical resources at the country and regional levels, is critical. But the lack of real incentives and institutional reward systems to encourage the various entities to make their knowledge and expertise available to the resident coordinator system is a real constraint. Above all, a stronger commitment by all organizations of the United Nations system involved in operational activities for development to system-wide

collaboration and the effective participation of all, including entities with no country offices, are key requirements for progress.

- Second, the need for stable, predictable funding for development activities, commensurate and consistent with the programme priorities identified in the CCA/UNDAF, cannot be overstated. Efforts to improve internal coherence, simplification and efficiency within the United Nations system will not succeed without Member States reforming their funding practices to limit fragmentation, inconsistency and unnecessary competition for scarce resources. As long as funding arrangements for United Nations development activities remain inadequate, unstable and unpredictable, the United Nations development system will not be able to fully play the crucial role in advancing comprehensive, durable development, rooted in national and international consensus, which it is uniquely equipped to perform. A reflection on new approaches to funding while preserving some of the progress that has been registered in the recent period should be an important part of the triennial comprehensive policy review. The current mismatch between funding levels and mechanisms and the sustained efforts required in supporting countries to implement the Millennium Development Goals needs to be addressed.

- Despite clear and recognizable progress in recent years, the system is still at the beginning of a long march towards the "unity of purpose and action" that Member States seek from it. Their full and tangible support will be critical to success in realizing this shared objective. What is needed is a "compact of mutual accountability" between organizations of the United Nations system and Member States that will ensure long-term commitments and sustainability of results.

- The present report is the first step in the preparation of the triennial comprehensive policy review which the General Assembly will undertake at its fifty-ninth session and allows the Economic and Social Council to provide its inputs and suggestions on the basis of the analysis contained in this document. Following the Council's consideration, the Secretary-General will submit policy recommendations to the General Assembly for its triennial comprehensive policy review process, drawing upon the deliberations of the Council.

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I. Introduction

1. The present report[1] reviews the implementation of General Assembly resolution 56/201, with a focus on the assessment of the capacity of the United Nations development system to assist the efforts of developing countries to pursue their national priorities and needs in relation to poverty eradication, economic growth and sustainable development within the framework of the follow-up to major United Nations conferences and summits.[2] In order to assist in the triennial comprehensive policy review of operational activities for development of the United Nations system, following the Council's consideration of the present report, the Secretary-General will submit policy recommendations to the General Assembly drawing upon the deliberations of the Council.

2. The 2004 triennial comprehensive policy review should also take into account the reform measures undertaken by the Secretary-General in 1997[3] and 2002,[4] which were aimed at increasing the coherence and effectiveness of United Nations development cooperation by enhancing coordination and improving management practices.

3. Another important aspect of the triennial comprehensive policy review is to take stock of the shifting global trends and the overall development dynamics, which affect United Nations development cooperation, and provide guidance to the system to enable it to adjust to the overall environment and respond better to emerging problems. The present report takes a forward-looking approach, focusing on the changing context, new challenges and the required responses.

4. The analysis is based on participatory evaluation and a multiplicity of instruments, including desk reviews, field missions, collection of information and documentation from all system organizations and consultations with Member States and representatives of civil society.[5] The principal focus is on assessing the performance and effectiveness of United Nations development cooperation,[6] which would require analysis of its achievements, results and impact. Is the multilateral system as a whole making a difference in developing countries? The analysis provided in the present report shows that, overall, the answer is a positive one. Following the adoption of a global development agenda, which emerged from the Millennium Summit and other conferences and summits, the United Nations development system is fully engaged in translating this agenda into national realities, assisting developing countries in facing their development challenges. The analysis contained in this report will confirm the nature of the United Nations response to the current challenges, recognizing its people-centred and comprehensive approaches to development as major strengths of the United Nations system's contribution.

5. Assessing the effectiveness of United Nations development cooperation poses methodological problems, since its contribution to development cannot be easily measured. This limitation can be partly overcome by analysing the views expressed by countries on the value added and relevance of the United Nations system's work at the country level and by providing a qualitative assessment of the response of the system to national needs and priorities, in the context of support to the development of national capacities to pursue national goals and internationally agreed development objectives.

II. Overall view of the effectiveness of and current challenges to United Nations development cooperation

A. The global development agenda and the country-level response by the United Nations system

6. More than three years after the holding of the Millennium Summit in September 2000, the United Nations development system faces many new as well as some long-standing challenges. The international context has become more complex and demanding. With the deterioration of the international security environment, the need for development cooperation as a source of stability and hope has become more manifest. Although the Johannesburg World Summit on Sustainable Development and the Monterrey International Conference on Financing for Development have helped strengthen the consensus on a global development agenda and a collective global compact of mutual responsibility, progress towards the Millennium Development Goals has remained uneven and unsatisfactory. The greatest challenge facing the United Nations system, as the custodian of the hopes of humanity in this era of anxiety and turmoil, is to demonstrate that progress is possible — to move from goals to results at the ground level.

7. The follow-up to the Millennium Declaration and the other global conferences and summits is primarily a responsibility of Member States. The United Nations development system can, however, significantly contribute by assisting countries to achieve those goals by enhancing their capacities and by its advocacy for an enabling national and international environment. The objectives agreed at those international events, including the Millennium Development Goals, provide an essential parameter for all development cooperation activities of the system, including the Bretton Woods institutions, and the strategic frameworks that it prepares or supports.

8. Global conferences have generated expectations as well as a renewed sense of urgency for joint actions. There is a risk, however, that expectations may run ahead of realism. The General Assembly will review the implementation of the Millennium Declaration in 2005. The present triennial comprehensive policy review should contribute to that review by taking stock of the system's performance in the past three years and prospects for the period ahead.

9. A key function of United Nations development cooperation is helping translate this global development agenda into national terms, drawing upon its dual sources of legitimacy: first, its unique capacity to build global political consensus around a common paradigm and a set of agreed development goals; and second, its legitimacy at the national level (as a source of neutral advice and assistance, and on the basis that its development cooperation should be country-driven, rooted in national development realities, be coherent with national priorities and result from an effective dialogue with national stakeholders).

10. The evidence from the survey and missions conducted for this present report confirms that government and other national stakeholders view the special role of the United Nations development system as identified with its basic values and characteristics: universality, multilateralism, neutrality, flexibility and the grant nature of its development support.

11. A key strength of the United Nations is the trust that developing countries have come to place in it as a neutral, objective and reliable source of technical assistance and advice in linking national and international goals, and in their implementation.

12. The worldwide country presence of the system gives it a unique advantage in playing this role. Its organizations, not including the Bretton Woods institutions, have activities in over 135 countries.

B. The United Nations response to the challenges of globalization

13. Although some questioned whether the trend towards globalization would be reversed in the post 9/11 security environment, recent trends and indications suggest that the process of integration has thus far proved to be resilient. Although important sources of uncertainty remain, world trade and financial flows have recovered and are growing at a rapid pace. The world economy is expected to grow by 3.7 per cent this year and may grow at a higher rate in 2005.[7] Short-term growth performance and prospects of developing countries have also improved. Nevertheless, great disparities persist and widespread poverty, instability and conflicts remain a matter of deep concern in many countries. One challenge is to ensure that the least developed and other low-income countries are not left behind and that all countries are given the opportunity to take full advantage of expanding flows of international trade and finance.

14. The current economic expansion, particularly in developed countries, must be seen as an opportunity to generate momentum for progress towards the global development agenda. Two critical steps that are needed are the sustained fulfilment by developed countries of the commitments undertaken at Monterrey and the revival of the Doha trade round with development at its centre. By the same token, developing countries must continue and sustain their efforts for policy and institutional reform.

C. Global policies and national priorities

15. Government respondents to the Department of Economic and Social Affairs (DESA) survey[8] commented that the major United Nations conferences have proven to be of great value by providing an internationally agreed framework for setting their national development agendas. No organization other than the United Nations could have achieved global acceptance of the goals and sets of global norms agreed at these conferences, sometimes in highly sensitive areas, as a basis for translating them into national terms. Examples of such achievements at the national level can be in initiatives for the protection of the child and vulnerable groups, the advancement of women, the promotion of pro-poor policies and socially sensitive reforms of economic governance. Some, however, expressed concerns about the use of United Nations development cooperation to address non-developmental issues.

16. Government officials of several countries commented that the relevance of United Nations work to their national development had increased. In addition, cohesion within the system had improved, thanks to increased focus on some of the Millennium Development Goals, rather than policy issues being dealt with in a fragmented fashion.

D. A comprehensive and people-centred approach to development

17. United Nations system development cooperation is expected to respond to the current challenges presented by globalization by promoting:

(a) *A people-centred approach to development*. Multilateral assistance of the United Nations should continue to be inspired by universally shared ethical values, equity and justice, pursuing people-centred and participatory development, reduction of extreme disparities and respect for diversity. Development strategies fostered by the United Nations should include concerns for social fairness and human security;

(b) *A comprehensive approach*. Development is increasingly seen as a multidimensional phenomenon, embracing economic, social, environmental and humanitarian dimensions. United Nations development cooperation must address these dimensions within a comprehensive approach. Efforts at coordination and harmonization, while seeking efficiency and effectiveness, must be geared to this broader objective.

18. The United Nations system should adopt this comprehensive multidimensional approach to development in its country-level operations, making use of the variety of competences and mandates of its organizations. Several stakeholders noted that poverty reduction is linked to economic growth and job creation and the United Nations should strengthen the transfer of knowledge, as well as of experience and lessons learned elsewhere, to support broad-based economic growth. They also stressed that a comprehensive strategy for poverty reduction requires that the United Nations provide better support to national capacity to produce and compete more effectively in international markets.

19. A number of respondents to the survey noted that organizations of the United Nations system are facilitating access to new ideas and knowledge that are relevant in the national context, that they are facilitating the exchange of experience among countries, and that, although its offices are often modest in size, the United Nations has access to a broad base of knowledge and experience in a number of fields crucial to development.

20. There is general agreement that the United Nations has been able to provide useful support in sectors such as child protection, health, population and reproductive health, and post-conflict recovery, where either well-established standards and local networks existed or adequate resources were mobilized. Support to good governance programmes appears to have had more influence when these programmes were part of a comprehensive strategy, as was the case in post-conflict recovery or crisis-prevention situations. The most positive assessments pertained to initiatives when a group of United Nations agencies developed and implemented jointly an integrated strategy in response to a specific problem, such as HIV/AIDS. These initiatives involved a mix of expertise and resources that brought together the wider United Nations family: funds and programmes, specialized agencies and the Bretton Woods institutions. They are clear examples of the value added of United Nations operational activities when the United Nations system draws upon complementarities among its various agencies through increased cooperation.

21. A number of government officials suggested that, in many cases, United Nations operational activities, in spite of their vast potential, are still too often

conceived as isolated projects, not sufficiently stressing the key policy advisory role of the United Nations system.

E. Assessing the capacity of the United Nations system

22. In order to be a credible advocate and partner for development at the country level, the United Nations system needs to demonstrate that it has the capacity and the resources required to deliver results.

23. Does the United Nations system, with its diverse competences and mandates, its specialized knowledge and its networks of affiliated institutions, have the capacity to respond to the demand emerging from developing countries for a comprehensive people-centred approach to development? In this regard, one problem identified by the respondents is that a number of specialized agencies may not have that capacity at the country level, or their capacity to link up with specialized knowledge and skills may still be limited or not adequately used. The resident coordinator system should ensure that specialized capacity is not left untapped. Until now, however, the United Nations has not effectively and systematically drawn on this expertise and knowledge. Current efforts in the area of knowledge management may help improve the situation, as long as agencies with no field-level representation provide the system with their expertise for the countries where it is needed.

24. While generating renewed commitment to securing increased financing for development, the Monterrey conference also opened up the debate on funding for the United Nations system's operational activities for development. The system has also recognized the need for a more dynamic interaction with non-concessional funding and non-aid development activities, such as private investment and trade, and strengthened collaboration with the private sector and civil society. Flexibility, speed and agility in operational work are needed to assist countries to respond to the rapidly changing environment fostered by globalization.

25. The analysis of responses to the survey indicates that the enhanced advocacy activities undertaken around the Millennium Declaration and other internationally agreed goals, together with reforms for better coherence and quality of programming at the country level, have increased United Nations visibility and strengthened its influence, as well as its capacity to deliver results in the area of development. For example, one government official commented that the United Nations, thanks to fruitful relationships established with various national partners, was able to contribute more actively to the country's development than could be expected from the size of the United Nations presence in the country and the resources the United Nations could mobilize there.

26. Nevertheless, caution is called for in measuring the impact of United Nations operational activities on key issues such as poverty eradication and employment generation in quantifiable terms. Several respondents observed that there is a growing gap between United Nations system efforts to achieve better focus in terms of goals and programmes and operate in partnership with national Governments to achieve agreed goals, and the limited resources available to it. Even in countries where its advisory services are most appreciated, the United Nations does not necessarily have the resources to cover the whole range of services expected,

thereby seriously limiting the effectiveness and impact of its operational activities for development.

27. Key elements that emerged are the need: (i) to define more clearly the leadership role of the United Nations system in international development cooperation; and (ii) to establish partnerships with other multilateral and bilateral entities, as well as other development partners and national stakeholders, in order to provide coherent support to national development priorities.

28. The United Nations system is well placed to perform these tasks. Its contribution in promoting global conferences and preparing international agendas has been crucial. Its support to their implementation at the national and regional levels is increasing, as shown by the move of its organizations to adapt operations into advocacy, policy advice and programme support rather than upstream projects. Agencies are increasingly aware of the need to build linkages between national processes such as the poverty reduction strategy paper (PRSP) and key United Nations coordination mechanisms, such as the coordinated country assessment (CCA) and the United Nations Development Assistance Framework (UNDAF), to ensure that their policies and operations complement national strategic frameworks and provide comprehensive support to national development strategies.

29. Is the United Nations system well organized in order to achieve these goals? Part of this analysis will be devoted to answering this question. It is possible to anticipate here that, although the United Nations agencies are better organized than in the past, much more needs to be done in order for them to achieve overall coherence in their operations. United Nations development cooperation still faces a complexity of fragmented structures, institutions and decision-making at the country level. There continues to be a paramount need to ensure coherence, harmonization and coordination.

F. Peace and development

30. The Millennium Declaration has further reinforced recognition of the linkages between peace and development. Peace and security are essential for development. On the other hand, poor economic performance and persistent conditions of social exclusion have an impact on the risk of conflict, even if no simplistic correlation may be drawn between them. At the country level, the United Nations system is required to respond to growing demands for support in domains that require an integrated approach to peace and development. In conditions of social unrest and civil strife, United Nations country teams are frequently asked to assist with measures in the social and economic domains (e.g., functioning and governance of public institutions, respect for human rights, social and economic integration of vulnerable groups) that address the root causes of crises. The system may be asked to act as a bridge between national stakeholders, as an "honest broker". The resident coordinator system is often a first "port of call" for the establishment of ground-level infrastructure for United Nations peacekeeping and peace-building operations.

31. Experience shows that the boundaries between development cooperation and conflict prevention are becoming increasingly blurred, and the need for an integrated approach to development cooperation, conflict prevention, humanitarian assistance and crisis management is increasingly being recognized.

III. Funding United Nations development cooperation: challenges and new perspectives

A. Adequacy, predictability and stability

32. The performance and effectiveness of the United Nations in development cooperation is closely linked to the level and predictability of its funding: a stable, secure and reliable resource base with the critical mass necessary for the performance of its advocacy, advisory and assistance functions is obviously crucial to the production of results.

33. The past two years have seen some positive signs of a turn-around in the decade-long decline in funding, which will need to be sustained and accelerated as part of an overall increase in official development assistance. Following the commitments made at Monterrey, major donors have started to increase their official development assistance commitments. This trend opens up opportunities to revitalize funding for United Nations development cooperation.

34. While the achievement of the Millennium Development Goals will depend on the sustained and long-term commitment of developing countries to sound policies and resource mobilization, as the United Nations system prepares to play a crucial and more strategic role in bridging the gap between the global development agenda and national efforts, its effectiveness and credibility will be determined by its capacity to deliver, which in turn depends on the level, stability and predictability of its resources.

35. Recent trends are encouraging, but it is far from clear whether the need for adequate and stable funding for the United Nations development system has been fully recognized in donor decision-making and priority setting. In the light of the tasks that the United Nations is called upon to perform in the context of the new global development agenda, adequate solutions to this problem of funding, both in qualitative and quantitative terms, are urgently required.

36. The survey and consultations with United Nations system organizations and other partners and stakeholders revealed a near unanimity of view that the current level of overall funding for United Nations development cooperation is grossly inadequate in relation to current demands and is unpredictable, unstable and too dependent on a few donors. Moreover, the increasing imbalance between "core" and "non-core" contributions to United Nations agencies and the proliferation of earmarked resources vis-à-vis core resources may undermine the core mandates of organizations of the system. Some major donors stressed the need to address factors such as low predictability, unfair burden sharing, weak links between funding and programme implementation, and the need to improve the still imperfect links between results and resource allocation.

37. Specialized agencies, in particular, face serious financial difficulties and have been forced to scale down their country-level development work. While they may have access to small amounts of assessed regular funds for technical cooperation, the majority of them depend on voluntary funds, most of which are earmarked. The deployment of these funds reflects donor preferences and does not allow for flexible adjustment in their use in tune with priority criteria adopted in programme countries and in accordance with a comprehensive and balanced approach to strategic

development planning. Although the potential long-term role for specialized agencies in helping countries meet their Millennium targets could be greater, the inadequacy of their financial means has a direct effect on the critical mass of technical competences that they can retain or mobilize and the type and functions of country-level support structures that each agency can sustain.

38. As long as funding arrangements for United Nations development activities remain inadequate, unstable and unpredictable, the United Nations development system will have difficulty playing the crucial role for advancing comprehensive, durable development, rooted in national and international consensus, which it is uniquely equipped to perform.

B. Funding modalities

39. In spite of the recognized universality and neutrality of the United Nations, and its expected role of enhancing support for national efforts to meet the Millennium Development Goals, the determination of levels of funding provided to United Nations organizations remains largely a "residual" type of decision. Governments first pay their "legal dues" to multilateral organizations, in cases where funding is determined on the basis of negotiated and/or assessed contributions, and only then do they determine in their priority list the "residual" resources that they may allocate to meet their "voluntary obligations" vis-à-vis the United Nations system. Given budgetary constraints, this leaves donors very little flexibility and little room for consideration of the development merits or demerits of each organization; it also contradicts the commitment to the Millennium Development Goals and leadership that donor countries can provide in pursuing them with adequate funding.

40. This "handicap" was clearly identified during the panel discussion on this theme in the Economic and Social Council in 2003. On that occasion, it was suggested that any serious solution to this issue would require a re-examination of the way in which funding of United Nations development cooperation is organized. References were made to other funding modalities, such as the Indicative Scale of Contributions of the United Nations Environment Programme (UNEP), the replenishment model adopted by the International Development Association (IDA) and the International Fund for Agricultural Development (IFAD), and funds linked to specific thematic uses (like UNAIDS, the Global Environment Facility (GEF) or the Consultative Group on International Agricultural Research (CGIAR)).

41. In the consultations with Member States (both donor and recipient) prior to the preparation of the present report, suggestions were made for: (a) the provision of stronger incentives to donors to make multi-annual commitments to core resources; (b) the creation of a "coalition of the willing" to provide the basis for "assessed" forms of contributions; (c) close involvement of the United Nations Development Programme (UNDP) in the IDA replenishment process; (d) clearer division of work between UNDP and the World Bank; (e) a new dialogue on burden sharing; (f) enhancing strategic partnership with bilateral donors; and (g) a broadened donor base and the inclusion of middle-income developing countries among contributing countries. New funding arrangements, welcome as they may be to bring about the necessary additionality, should not be at the expense of erosion or underutilization

of existing arrangements, at a time when concerted mobilization of resources and capacities for the achievement of global goals is more urgently required than ever.

42. There is increasing recognition that "voluntary annual funding" of the United Nations development system, because of its inherent instability and unpredictability, does not adequately serve the fundamental requirements of sustained support to long-term development and is inconsistent with the imperative of placing United Nations development cooperation funding on a more predictable and assured basis, as requested in so many General Assembly resolutions. This is one of the key points made in the replies to the questionnaire received from Governments (including many donors) for the preparation of this triennial comprehensive policy review.

43. In this context, the experience gained thus far with the multi-year funding framework (MYFF) modality should be briefly examined. That modality is aimed at increasing core resources on a predictable, continuous and assured basis, bringing together funding and assessment of results in one comprehensive process. Therefore, it seems logical to see MYFFs as a critical first step in revitalizing and stabilizing the broader commitment to regular resource funding. While it is still too soon to judge the effectiveness of this mechanism in relation to its stated objectives, a preliminary assessment indicates that political support to the MYFF modality is building up and that the introduction of MYFFs has significantly enhanced the programming focus of the United Nations organizations, leading to improvement of the regular resource commitments to them.

44. UNDP core resources have risen from US$ 634 million in 2000 to US$ 819 million in 2003 (projected) and those of the United Nations Children's Fund (UNICEF) have increased from US$ 596.7 million to US$ 732 million, although a part of the improvements is explained by exchange rate movements.

45. Whatever mechanism or modality or incentive is introduced to enhance funding, no mechanism can substitute for the political will to provide sufficient financial means to support the development cooperation activities of the United Nations system. Funding of United Nations development cooperation should be seen in the overall context of multilateral development assistance and its consistent pursuit of the Millennium Development Goals, just like all other efforts of the United Nations system, including the Bretton Woods institutions, to enhance harmonization and coordination at the country level. The fourteenth IDA replenishment represents an opportunity to focus on the overall funding of multilateral agencies and to define a basic critical mass of core resources for the United Nations system in general, and the United Nations funds and programmes in particular. In that context, the funding of United Nations development cooperation can be compared with the amounts pledged for the IDA replenishments and other special funds.

C. Pledging mechanisms

46. A related issue, under consideration for some time now, is the annual United Nations Pledging Conference for Development Activities. In response to a request of the General Assembly, the Secretary-General submitted alternative options to the current modality of the Pledging Conference, taking into account the experience acquired under the MYFFs. The Assembly decided to further review this issue at the 2004 triennial comprehensive policy review.

47. The mechanism of the United Nations Pledging Conference seems to have outlived its validity and utility. The format is considered by many outdated, its modalities too rigid and its timing skewed. Even after modifications in 1990, which made the meeting less formal and more suited to substantive engagement, there has been no noticeable improvement in the participation and the proportion of core or regular resources pledged, especially after the introduction of the MYFFs by UNDP, UNICEF and the United Nations Population Fund (UNFPA). The resources raised through the Pledging Conference before 1999 accounted for between 20 and 30 per cent of total funding, but for 2000 and 2001 that portion declined to 0.71 and 0.9 per cent respectively. The same type of results was achieved in subsequent years. Very few donors attend the annual meeting. The Pledging Conference is clearly no longer capable of galvanizing political support from the big donors, although it is an opportunity to acknowledge the contributions from developing countries.

IV. Reforms of the United Nations and field-level coordination

48. The establishment of the United Nations Development Group and the launch of the UNDAF were among the key outcomes of the 1997 reform. The 2002 reform dealt with operational activities in the context of Action 14 on field-level coordination and Action 15 on technical cooperation.

49. Encouraging results have been achieved in enhancing coherence and coordination, especially through the mechanisms that the United Nations Development Group has put in place in the past three years. Despite limitations and gaps, several of the innovations that have been or are being implemented have begun to change the way in which the system works at the country level. There is evidence of an increasingly strong common commitment of United Nations organizations to supporting country-level implementation of internationally agreed development goals, particularly the Millennium Development Goals. The joint work to launch system-wide mechanisms, especially around the CCA and the UNDAF, is strengthening the system's capacity for coordinated, mutually reinforcing interventions to meet priority needs. It shows progress in building cohesion in the United Nations country teams and a collective awareness of the merits of adopting system-wide and comprehensive approaches.

50. Important constraints and areas of weaknesses nevertheless remain. Institutional mandates and identities continue to be the driving forces for most staff. A system-wide culture among staff is increasingly recognized as a necessity, but is not yet a reality.

A. Support to the resident coordinator system and related mechanisms

1. The resident coordinator system: a pivotal role

51. The resident coordinator system has a pivotal role in field-level coordination, which has been enhanced by increased delegation of authority to the field in most organizations. It has proved to be particularly effective in performing system-wide responsibilities in thematic groups, the CCA and the UNDAF, joint advocacy initiatives, support to external aid coordination, crisis management or where a decisive role is required to facilitate dialogue among national counterparts on

sensitive issues. The change of emphasis from the individual role of the resident coordinator to the more collegial responsibility of the resident coordinator system is one of the major achievements of the introduction of system-wide mechanisms and tools.

2. The need for further support to the resident coordinator system

52. Improvements in the selection and the assessment of the resident coordinators have contributed to these positive trends. However, there is room to improve quality and gender balance for resident coordinator positions, including by further diversifying candidatures. Currently, 46 per cent of resident coordinators are from the South, 36 per cent are female and only 19 per cent are from other entities than UNDP.

53. The resident coordinator function is now facing increasing responsibilities in the country-level pursuit of the Millennium Development Goals, in meeting increased demand for policy advice in crucial development areas and in coordinating external assistance. In some countries, the additional role of humanitarian coordinator, with the resulting workload, is added to the resident coordinator function. Effective performance of these functions requires greater financial, organizational and technical support. Additional funding to the resident coordinator's office has already been provided by UNDP. Nevertheless, support on a broader front is required. At present, there is no system-wide institutional and financial underpinning for the resident coordinator system. Evidence from the field shows remarkable creativity in finding system-wide support for resident coordinator system structures but solutions are linked to ad hoc country-level remedies. A well-functioning country team often depends on the personal qualities and skills of the resident coordinators and the other members of the team, without assurances that their efforts can be sustained over time.

54. Some of the Member States consulted in the preparation of the present report and representatives of United Nations funds and programmes have indicated the need to enhance the formal authority of the resident coordinator in developing and monitoring the implementation of system-wide tools, particularly with the introduction of the UNDAF results matrix. The specification of the content of this additional authority and its coherence with the collegial approach to the management of the resident coordinator system are issues that should be further addressed. The effectiveness of the resident coordinator system could be enhanced if United Nations agencies shared with their field office staff a common charter of their rights and obligations as members of the resident coordinator system and adjusted their personnel appraisal system accordingly. Such an approach, advocated by a number of countries, would highlight the move towards the more collegial sharing of resident coordinator system responsibilities.

3. United Nations Houses/common premises

55. A total of 58 United Nation Houses have been designated worldwide since the definition and criteria endorsed in 1998. In the period 2001-2003, 17 new United Nations Houses were established, surpassing the goal of five United Nations Houses to be designated per year. The establishment of United Nations Houses and common premises has significantly contributed to increased collaboration and a unified image of the system at the country level, as well as cost savings.

56. United Nations Houses have been established, where circumstances were the most favourable. The United Nations Development Group Working Group on Common Premises and Services seeks and seizes opportunities to establish new United Nations Houses and common premises, and provides guidance on the renovation and maintenance of existing common premises. Owing to the heightened global security risks confronting the United Nations, the Working Group is collaborating closely with the Office of the United Nations Security Coordinator to address security-related aspects of common premises.

4. Common services

57. Progress has also been made on shared or common services. In November 2001, the Working Group on Common Premises and Services initiated an 18-month common services pilot programme, with support from the Government of the United Kingdom of Great Britain and Northern Ireland, to assist country teams and refine the operational guidelines on the implementation of common services. The programme supported field offices by providing (a) training and backstopping to eight pilot countries (Bangladesh, Ecuador, Kyrgyzstan, the Philippines, Uganda, Yemen, Zambia and Zimbabwe) and (b) seed money grants to develop/enhance common services in 24 countries, increasing the number of joint services arrangements by approximately 40 per cent and improving the quality and efficiency of services, particularly with regard to security, building maintenance, information and communication technology (ICT) and travel services.

58. A new strategy for the expansion of common services for the period 2004-2005 has been adopted. It includes a results-tracking system, a web-based knowledge support system, capacity-building efforts and financial incentives, and will be implemented through a regional approach, using common services experts designated for each region.

5. Relationships among members of the resident coordinator system

59. Despite progress in strengthening the resident coordinator system and greater unity of policy direction, the United Nations development system cannot yet be regarded as a functional entity at the country level. A system-wide culture has yet to be developed.

60. A primary concern remains the competition for projects and resources, particularly for extrabudgetary contributions, which tends to militate against greater inter-agency coordination and collaboration. In several countries, there is a perception that this rivalry undermines the team spirit and reduces the benefits of system-wide processes or mechanisms so far introduced.

61. This situation cannot be solved at the country level alone. Agency instructions coming from headquarters are likely to have priority as compared with inter-agency agreements made at the country level. There are inter-agency agreements reached at the headquarters level that do not reach country offices of each agency with the same emphasis or interpretation. This is also complicated by the diversity in levels of decentralization and delegation of authority, in addition to other procedural, programmatic and substantive differences among agencies.

B. Regional dimensions

62. Evidence shows that, notwithstanding the prevailing country focus of United Nations operational activities, regional and subregional dimensions have assumed increasing significance in the work of the United Nations system. Organizations of the United Nations Development Group show increasing awareness of the need to bring coherence to their operational activities at the regional and subregional levels. Funds and programmes, as well as specialized agencies, are increasingly involving their regional and subregional structures in their country-level work, while country teams are even more exposed to regional consultation processes and teamwork. However, the process is only at an initial stage. Moreover, agencies' regional structures are organized in different ways. Regions are often defined with different geographical coverage and the location of regional offices differs from agency to agency.

63. The involvement of the regional commissions in country programmes of the United Nations system remains limited. United Nations country teams focus on country-level activities, although they sometimes recognize the potential benefit of closer collaboration with the regional commissions on issues with cross-border, regional and global dimensions, and of establishing a stronger link between the regional commissions' normative and analytical work and country-level development cooperation work.

64. Regional coordination mechanisms put in place pursuant to Economic and Social Council resolution 1998/46 make it possible for the regional commissions and, as necessary, regional stakeholders, including the regional development banks, to address with the relevant United Nations Development Group partners issues of common concern, especially within the efforts to implement the global development agenda in concrete regional and country contexts. The regional commissions consider that the Millennium Development Goals offer a suitable framework for collaboration with United Nations Development Group members. The work of country-level thematic groups could benefit and be greatly strengthened if functional linkages are established with relevant thematic groups and networks at the regional level, given the diversified technical competence of the regional commissions and their unique convening power with a variety of regional stakeholders.

C. Simplification and harmonization of processes and procedures

65. The rationale for "simplification and harmonization" reforms is to maximize complementarities and avoid wasteful duplication as a means of raising the development effectiveness of the United Nations system. Three central objectives are being pursued: (i) streamlining complex rules and procedures to reduce transaction costs for both Governments and United Nations agencies; (ii) improving financial and programme results; and (iii) increasing the impact and sustainability of development interventions. The guiding principles of these reforms are: (a) full government participation; (b) a flexible approach on a country-by-country basis; (c) focus on national processes and systems; and (d) the adoption of good practices.

1. Progress to date

66. Both the Economic and Social Council in its resolution 2003/3 and the joint Executive Board meeting of January 2004 recognized progress made in this domain by UNDP, UNFPA, UNICEF and the World Food Programme (WFP), which are the member organizations of the United Nations Development Group Executive Committee, and requested that efforts be accelerated to ensure full implementation of their programme of work on simplification and harmonization submitted in 2002.

67. The joint United Nations Development Group programme and management task force on simplification and harmonization, established in 2002, has developed programme procedures in consultation with the United Nations country teams and national and international partners. Some of the tools that have been developed are pertinent to the United Nations Development Group Executive Committee organizations only, while others are applicable to the wider United Nations development system. A number of these tools, for instance the Country Programme Action Plan and the Annual Work Plan/Budget, have been introduced in five countries where the new programming cycle of the Executive Committee organizations began in 2004.

68. An inter-agency group was set up to provide improved operational guidance and promote opportunities for joint programming. The group identified three basic types of joint programming model and funding arrangements: (a) parallel fund management; (b) pooled fund management; and (c) pass-through fund management. The December 2003 revised guidance note on the matter also addresses the link between joint programming and sector-wide approaches.

69. The United Nations Development Group is also involved in the larger harmonization of donor practices and the alignment of the corresponding agenda, which concerns country analytic work, programme preparation and implementation, and monitoring and evaluation, reflecting commitment to the principles endorsed at the High-Level Forum on Harmonization in Rome in 2003 and the work done by the Organization for Economic Cooperation and Development/Development Cooperation Directorate (OECD/DAC) Task Force on Donor Practices. To this purpose, the United Nations Development Group has set up a working group tasked, among other things, with the development of guidance to United Nations country teams on sector support, which is one of the United Nations Development Group priorities for 2004.

2. Evidence from the field

70. The new simplification and harmonization tools have produced qualitative improvements, particularly in programming activities, but have not yet generated an overall simplification of processes. While a number of procedures have been simplified, others — such as those related to documenting outcomes — have created, for the moment, an additional burden for Governments and the United Nations system, and require intensive training and additional support to country staff. In spite of efforts by the United Nations Development Group, there is further need for support to country teams.

71. Simplification and harmonization tools so far adopted are related to the management of multi-year country programmes, which are a shared feature among the Executive Committee organizations. At the moment, specialized agencies do not have the same country programming system. Further progress towards the inclusion

of the specialized agencies in the simplification and harmonization process is critical to enhance the effectiveness of the United Nations system.

D. Results-based management and evaluation

72. Results-based management approaches were introduced in most United Nations organizations between 1997 and 2000, producing a significant shift in performance measuring and monitoring from a narrow focus on inputs and processes to a focus on results throughout all the steps of the management process: from programme planning, implementation, monitoring and evaluation to learning and accountability.

73. Have results-based management and related approaches promoted greater development effectiveness of the United Nations agencies individually and as a system? As performance assessment moves away from inputs to results along the causal chain of the results-based management "logical framework", attribution to and the accountability of individual agencies and even of the system becomes harder to establish. This is particularly true of long-term results linked to overall goals, the achievement of which cannot be attributed to a single agency. In that case, it is preferable to talk of agency contributions. Identifying agency contributions entails a better understanding of factors that influence a particular long-term development result, including the role and comparative advantages of all players concerned. Performance measurement needs to rely on benchmarks and indicators, which are linked to macro-indicators of development changes and impact at the country level, so as to link agencies' specific results planned for a given programming cycle to the desired long-term development impact in the country.

74. This would promote greater accountability of individual agencies vis-à-vis long-term development results at the country level. The Executive Committee organizations have taken this direction. For a number of agencies, particularly those with no country-level structures, this would require a shift in their current performance focus from inputs and headquarters deliverables, to country-level results; otherwise, their results-based management systems would not be able to measure development effectiveness at the country level. A number of United Nations organizations and specialized agencies (the United Nations Conference on Trade and Development (UNCTAD) and FAO, among others) have recognized this problem and are considering ways to increase their participation in system-wide field-level activities and instruments, linking their activities to national strategies.

75. At the inter-agency level, the preparation of the United Nations Development Assistance Framework (UNDAF) has generally enhanced planning coherence among participating agencies, but has not succeeded yet in shifting the focus of performance measurement from output delivery planned by individual agencies to specific contributions to long-term strategic results pursued by the system as a whole. The introduction, at the end of 2003, of the UNDAF results matrix is intended to tackle this problem by linking agencies' development efforts to the achievement of commonly defined expected results associated with the Millennium Development Goals and other global goals. The effective system-wide use of the UNDAF results matrix and results-based management approaches requires addressing, inter alia, the following issues: (a) attribution of, contribution to and accountability for long-term country-level results; (b) ways to link to these results

the contributions of a number of agencies without a field-level presence; and (c) ensuring viable and accurate baseline data, which are lacking in several programme countries.

76. Although most agencies have introduced logical framework matrices, the capacity of country-level staff to use this tool is still limited. Most agencies recognize that the involvement of stakeholders is key to defining realistic expected results, assessing risk, monitoring progress, reporting on performance and integrating lessons learned into management decisions. Development effectiveness of United Nations operations cannot be determined unless the United Nations system's goals and results are expressed in terms of national priorities and targets.

77. The quest for results begins with developing countries themselves. They need information to decide how best to use the resources available for development — whether from domestic or other sources. Statistical capacity and monitoring and evaluation systems are critical for decision-making based on evidence of what works and what does not. United Nations agencies can help in disseminating globally knowledge on results and assist countries in strengthening their capacity to generate reliable and timely data and in using information for flexible decision-making.

78. Improved and more effective development cooperation requires continuous updating of knowledge of the development process and greater awareness of the outcomes of past development cooperation activities or other relevant situations. Evaluation, as well as being an instrument of accountability, is a source of lessons gained from past experience. As such, evaluation can support the development of capacity needed to assess and understand the development dynamics better and in this way enhance the potential impact of new activities.

79. Given the scarcity of resources for operational activities, conveying useful lessons may be one of the most cost-effective ways in which the United Nations development system can help countries achieve their development goals. These lessons are more likely to be useful if they are drawn from evaluations that deal with issues countries face. The costs and benefits of carrying out evaluations and converting their outcomes into useable knowledge need further analysis.

80. In 2003, the Economic and Social Council emphasized the importance of monitoring and evaluation of operational activities of the United Nations system. The Council stressed the need to ensure the full participation of national authorities and relevant stakeholders in evaluation processes and called upon the United Nations system to make additional efforts to promote the development of national evaluation capacities, including capacities to make use of lessons learned from past United Nations activities that are relevant in each national context.

E. Evaluation of the common country assessment and the United Nations Development Assistance Framework

81. As requested by the General Assembly, an evaluation of progress on the CCA and the UNDAF, summarized below, was undertaken to assess their impact on the United Nations system's operational activities for development, their quality, their contribution to greater coherence and efficiency of the United Nations system's operational activities for development and their alignment and integration with national development efforts and priorities. The evaluation also addresses the

participation, leadership and ownership of the Government at all stages of the CCA and UNDAF processes, the involvement of other stakeholders, and collaboration and coordination among the United Nations funds and programmes, specialized agencies, other United Nations entities and the Bretton Woods institutions through greater harmonization of strategic frameworks and other instruments and modalities, and in particular greater consistency with the national poverty reduction strategies — including poverty reduction strategy papers (PRSPs), where they exist. In addition to desk reviews, inter-agency consultations and country-level missions, the following observations were informed by an independent external assessment commissioned by DESA in February/March 2004.

1. The value added of the CCA and the UNDAF

82. The CCA is the United Nations system's common instrument for analysing national development situations, identifying key development issues in the light of internationally agreed development goals and recognizing the root causes and social dimensions of major development challenges. The UNDAF, often referred to as the business plan of the United Nations system, is the common strategic framework for the operational activities of the United Nations system at the country level and provides a collective, coherent and integrated response to national priorities and needs. The UNDAF emerges from the analysis of the CCA and is the next step in the preparation of United Nations system country programmes and cooperation projects.

83. The adoption of the CCA and the UNDAF as a new set of assessment and planning tools has been one of the most visible attempts thus far to achieve consistency in, and enhance coordination of, the United Nations system's operations at the country level. As of March 2004, 106 countries had prepared CCAs, 16 of which had undertaken a second round, while 85 countries had prepared UNDAFs, 11 of which had undertaken a second round. Only those countries which completed their UNDAFs in the last quarter of 2003 or in 2004 (about 15) will have used the new UNDAF results matrix that was introduced in the October 2003 Guidelines. Still being implemented as a pilot, the UNDAF has been the subject of periodic evaluation, which has been shared with Member States for the past two triennial comprehensive policy reviews.

84. Since the 2001 triennial comprehensive policy review, the CCA and the UNDAF have evolved further as common frames of reference for country programming, particularly for the Executive Committee organizations, helped by the synchronization of their country programming cycles, intensive training and extensive dissemination of guidelines. The recent improvements in the quality of CCAs and UNDAFs may generate gains in the form of more coherent United Nations programmes, with the CCA providing a basis for focusing on well-selected priorities and the UNDAF highlighting complementarities within the system in selected areas. Other positive factors are:

(a) Their use in the implementation of the global agenda that emerged from the Millennium Summit and other conferences and summits, and the pursuit of the Millennium Development Goals;

(b) Increased coordination and communication between ministries and agencies; and

(c) Greater consciousness of results-orientation in the development work of the United Nations system, especially after the introduction of the UNDAF results matrix.

85. It is not possible so far to assess the development impact of the CCA and the UNDAF other than as opportunities for better coordination and improved coherence of the operational activities of the United Nations system.

2. Assessing quality

86. The external evaluators recognized the marked improvement in the quality of both instruments during the period under review and their more focused approach on fewer core development issues, particularly in those countries that had previously undertaken CCAs and UNDAFs, although there is still room for pruning, conciseness, analytical focus and rigour. Both tools represent important channels of communication with national stakeholders, highlighting a significant propositional or advocacy value.

87. Both instruments are mainly the outcome of the work of the United Nations country team, rather than of the entire resident coordinator system, which also includes organizations that have no country offices but are actively present in the country. Efforts are being made to ensure a wider participation of the entire United Nations system. The United Nations Development Group has recently introduced a quality support and assurance system to enhance the quality of both the CCA and the UNDAF through the establishment of "virtual teams" organized at the regional level with the support of regional technical offices of the United Nations Development Group Executive Committee organizations.

3. Thematic coverage

88. While the CCA and the UNDAF are both increasingly focused on supporting the pursuit of the Millennium Development Goals, so far their economic content (including issues such as trade, investment flows and ICT) has been limited and attention has been clearly concentrated on social and humanitarian issues. This situation may only be modified by increasing the contribution to these exercises, which is still too modest, from some key specialized agencies, regional commissions and other United Nations entities with no country representation or limited country-level presence, such as DESA, UNCTAD and the regional commissions, or from the Bretton Woods institutions, although there are examples of significant contributions by them, especially the World Bank, in some countries. Participation by agencies and greater use of their available competences may enhance these mechanisms and their thematic coverage, and ultimately provide a better response to national priorities, in accordance with a comprehensive approach to development.

89. There are examples of CCA and UNDAF documents that effectively integrate development issues, broadly reflecting national priorities, which should be replicated elsewhere on a larger scale. Unless the resident coordinator system draws lessons and competences from the wider range of experience existing in the institutions of the system, including the Bretton Woods institutions, the CCA and the UNDAF will not be able to become relevant for the recipient countries as expected, but will be limited in their value, as merely internal instruments of the United Nations system.[9]

4. Cost-effectiveness and transaction costs

90. The adoption of a results-based approach for the CCA and the UNDAF, while potentially increasing accountability, also increased data requirements and monitoring, which are areas of capacity weaknesses in many countries. The impact of the CCA and the UNDAF processes on the system's cost effectiveness in the exercise of its planning, programming, implementation and monitoring functions remains difficult to assess, although they caused additional workload for their preparation. However, it has not been possible to assess whether other agency-specific processes have been simplified. Ultimately, transaction costs should decrease from simplification processes or reduction in their number.

5. Participation of United Nations agencies and programming modalities

91. While an active effort is being made to involve a broader cross section of the United Nations system in both processes, including entities with no or limited field presence, there is an objective problem linked to different programming modalities. Agencies operating on the basis of a biennial budgeting cycle or project funding have difficulties in participating in all aspects of the UNDAF, since they cannot commit resources over a five-year period. Multi-year country programming facilitates fuller participation by other organizations.

6. Government leadership and national ownership

92. The external evaluators have noted that Governments generally welcome the introduction of the CCA and the UNDAF, but the degree of government leadership and national ownership varies from country to country. Genuine capacity constraints, especially in least developed countries, prevent Governments from taking more active and committed leadership and ownership. In a few cases, efforts of the United Nations country team to facilitate the Government's involvement were considered unsatisfactory. Frequent changes in Governments also affect national ownership and leadership. Some government institutions may prefer working with United Nations agencies on a one-to-one basis, instead of dealing with multisector system-wide mechanisms.

93. The relative importance of United Nations system assistance in each country is of paramount importance in determining the national interest in a strong participation in the CCA and the UNDAF. The obvious benefits of the CCA and the UNDAF for increasing the coherence and unity of purpose of the United Nations system should then be compared with the transaction opportunity costs of national participation, although a stronger involvement of national stakeholders is considered a top priority in the United Nations Development Group guidelines. While there is general agreement, among all parties consulted, that the UNDAF has to be "owned" and endorsed by the national Government, there are different views with respect to ownership of the CCA. Concrete examples of quality CCAs show that the direct involvement of national stakeholders has enriched this process, enhancing its capacity to reflect priorities, often beyond what is suggested by the standard menu of development objectives inspired by the Millennium Development Goals. At the same time, when the Government takes the lead in this process, it may try to put limitations on the scope of the CCA, for instance in areas that are considered politically sensitive.

7. Integration into national development frameworks, including poverty reduction strategies

94. The proliferation of actors involved in development cooperation has been associated with a multiplicity of country-based diagnostic instruments and planning or cooperation frameworks. In addition to the CCA and the UNDAF, several sector-wide approaches have been promoted. Agency-specific schemes or frameworks have been used for years and new ones have been introduced. In the area of trade-related technical cooperation activities, the Integrated Framework was launched by the World Bank, the International Monetary Fund (IMF), UNDP, the World Trade Organization (WTO), the International Trade Centre (ITC) and UNCTAD, with the specific objective of enhancing assistance in the area of trade and development, facilitating closer links with the PRSP, where it exists, and has become the pivotal instrument of many donors' trade-related assistance to least developed countries and therefore an important instrument for ITC and UNCTAD technical cooperation.

95. All these coordination schemes are acceptable only to the extent that they are integrated with national frameworks that define countries' priorities, strategies and policies. Evidence shows UNDAF convergence with national priorities (e.g. in Ethiopia, India, Kenya, Kyrgyzstan, Madagascar, Pakistan, Sri Lanka and Tanzania) and alignment with national poverty strategies and national plans (e.g. in Benin, Ethiopia, Nepal, Tanzania and Uganda). In other cases, the absence of a clearly identified and unified government development strategy makes it more difficult to have a comprehensive United Nations strategy, except on a sector-by-sector basis.

96. The introduction of a poverty reduction strategy process, initially promoted by the Bretton Woods institutions with the launch of PRSPs, has made considerable progress. The poverty reduction strategy has managed to embody a comprehensive development strategy at the national level, often the only strategy adopted in the country concerned, and a vital transmission belt between national planning and budgeting systems and the global goals promoted by the United Nations.

97. When domestically owned, the poverty reduction strategy has gained broad acceptance in the development community as a key national development framework, often becoming the main, if not the only, framework for national policy dialogue for the programming of domestic public expenditures, aid coordination and donor cooperation. It is also clear that the PRSP carries some measure of significant additional funding. Major progress has been made to achieve national ownership of the poverty reduction strategy, thanks to stronger government involvement and a broad-based partnership at the country level. Among the advantages of the poverty reduction strategy are its results-based orientation and its comprehensiveness. These are principles of development cooperation that the United Nations system has long advocated and supported.

98. Where a poverty reduction strategy does not exist, the arguments used in this section apply to any other national strategy or platform that the Government and the country recognize as the basic frame of reference for a consistent development policy.

99. Links between the CCA and the UNDAF processes, on the one hand, and the poverty reduction strategy, on the other, remain variable. There are clear indications that issues covered in the CCAs also converge with those in the PRSPs, to the extent that both reflect national development priorities. A good CCA, when formulated

before a PRSP, might be a useful basis for the preparation of the national poverty reduction strategy, including as a methodological tool (as in the case of Benin). This would avoid duplication of efforts.

100. Nevertheless, there is recognition that the CCA has often not been designed as a premise to other frameworks other than the UNDAF. Where a PRSP exists, it is recommended that the CCA works from the PRSP. The need to integrate all frameworks and programming tools adopted by the United Nations system and its individual organizations with national development strategies makes the link with the poverty reduction strategy almost unavoidable.

101. Interestingly, even United Nations organizations that may not have played a key role in the CCA and the UNDAF, such as UNCTAD or some specialized agencies, have found harmonization with the poverty reduction strategy or a similar national planning instrument the only way to ensure some degree of coherence, at the national level, of their development assistance.

102. It is possible to speculate about the possible interaction of the United Nations system with the poverty reduction strategy. The United Nations system could be in a special position to lead the promotion of national capacity development required by the poverty reduction strategy. The variety of competences and mandates of the United Nations system represents a unique source of support to country processes that could feed into the formulation and implementation of the poverty reduction strategy. Although this may not have happened yet to any great extent, the potential for such a contribution is considerable, given the credibility of the United Nations system vis-à-vis national Governments in aid coordination and if all the development assistance agencies harmonize their respective contributions with the orientations of the poverty reduction strategy.

103. Where the poverty reduction strategy is widely acknowledged by all development partners, it was suggested that the CCA may not be necessary and that the United Nations country team should rather focus on assisting in the process of formulating the strategy. A major obstacle to harmonization of the CCA and the UNDAF, on the one hand, and the poverty reduction strategy, on the other, is the lack of synchronization of the CCA and UNDAF programming cycles with the timing of the poverty reduction strategy process, not to mention the time frame of the national planning process. For more effective support to national development, ideally all the cycles, UNDAF, country assistance strategy (CAS) and others, should follow the national cycles. Considering the variety of national systems, this might be impossible to achieve. In addition to aligning cycles as much as possible, other approaches should be pursued, such as more flexible and decentralized management systems for development assistance programmes.

V. Country-level capacity of the United Nations development system and development of national capacities

A. Assessing the capacity of the United Nations development system to provide country-level support

104. The United Nations system development structure at the country level has grown incrementally in response to emerging needs and the collective will of

Member Governments. By and large it has served the system and Member States well.[10] It is widely accepted as an indispensable part of the global development system and a unique source of considerable help to Governments and their people.

105. Over time, however, some anomalies have arisen. Following the series of global conferences and plans of action, the mandates of the various organizations have become intertwined. Human resources and skills available in the field have, however, continued to be treated as a matter to be addressed on an agency-by-agency basis, and not on a system-wide one. Member States have expressed concern about the mix of skills and the unevenness in staff quality, which varies from country to country and from agency to agency. While the four United Nations Development Group Executive Committee agencies, particularly UNDP and UNICEF, have reasonably large offices, most other agencies often have only very sparse technical capacities available in the field and depend almost exclusively on ad hoc expertise and, most often, on support from their headquarters and regional offices. In most countries visited, there is a general perception that the participation of United Nations agencies without country offices in the resident coordinator system and in country coordination mechanisms is very limited.

106. In response to these problems and to face new development priorities, the United Nations system has increased its focus on national- and regional-level activities, through greater delegation of decision-making to field personnel and, where possible, greater decentralization of resources to field offices. Between 1998 and 2002, the total number of staff of the United Nations Common System organizations remained stable at headquarters, increasing only from 21,409 to 21,850; decreased for project personnel from 7,128 to 4,148; but increased significantly in field offices, from 23,064 to 27,245.

107. The reform efforts of United Nations agencies that have country offices include better preparation of their personnel to meet the new demands, in particular the need for greater coordination and a policy advisory role. For example, UNDP and the United Nations Population Fund (UNFPA) have each conducted "re-profiling" exercises, which encompassed their entire organizations and aligned staff competencies with their missions, and the Food and Agriculture Organization of the United Nations (FAO) has moved towards a more decentralized structure and delegation of authority to the field. To enhance performance and strengthen management competencies, United Nations agencies have revised and redesigned their performance management and personnel appraisal.

108. However, the pace at which changes are taking place is slower than anticipated. The reform efforts require that staff develop new technical and management skills through organizational learning and staff development frameworks. There is a clear need to promote a system-wide training and learning programme through the United Nations Staff College, linked to performance appraisal systems.

1. Support at the regional level

109. In order to support and strengthen the human resource capacity at the country level, agencies are transferring resources and authority to the regional and subregional structures. About 15 per cent of United Nations development assistance is being channelled through intercountry mechanisms of one kind or another. The restructuring and decentralization of UNDP has resulted in the outposting of policy

specialists to nine subregional resource facilities. The World Health Organization (WHO) is moving towards decentralization, to reinforce the regional and country offices and make technical cooperation more demand-driven. The harmonization of United Nations agencies' regional and subregional structures would strengthen collaboration at this level and provide a wider pool of expertise to support country programmes. Since costs attached to regional units' assistance to country teams have been charged to country programme budgets, country teams are hesitant to request as much support as they need. In that regard, more flexible funding arrangements are required.

2. Country presence and flexible use of human resources

110. The radically altered global and national economic environment and new development dynamics require that the United Nations system country-level presence be suitably adjusted. Not every agency can have field presence, but field presence should reflect priority sectors and issues, global and national. For example, poverty eradication is the highest development priority and the role of agriculture and rural development in poverty eradication, with over 70 per cent of the world's poor living in rural areas, has been recognized as crucial. But IFAD, which among the United Nations agencies has the most direct responsibility to eradicate rural poverty, does not have field offices nor adequate resources to provide large-scale technical assistance. Similarly, field-level advocacy for trade policy suffers because UNCTAD and ITC, the United Nations entities with direct responsibility for trade-related issues, have no representation on the United Nations country teams. Sustainable use of national resources requires expertise from UNEP and the elimination of slums requires advice from UN-Habitat. A key issue to be resolved is how to involve, both substantively and operationally, non-resident agencies in the implementation of any comprehensive programme on poverty reduction. A number of agencies are considering such options as attaching officers to the Resident Coordinator's office or to the larger operational agencies' offices.

111. In Action 14 of the 2002 reform, the Secretary-General calls for a United Nations Development Group plan that will include the pooling of United Nations system resources, common databases and knowledge networks. United Nations country team members acknowledge that existing administrative procedures are constraining the flexible use of human resources that Action 14 requires. Different agencies present in a country should be able to exchange their personnel or create pools of expertise they can draw on when needed, instead of requesting the services of outside experts, provided that this expertise is relevant to meet their needs.[11] ICT systems can facilitate mutual access to knowledge, including access to the technical and referral services of any part of the United Nations, for the Government, the United Nations country team and others. The United Nations system should make concrete efforts to mobilize at the country level practical expertise available at the regional and global levels, including from non-resident United Nations agencies. The resident coordinator system has the responsibility of pooling human and technical expertise to provide better service to the programme countries, but for the moment does not appear to have adequate capacity, in terms of funding and human resources, to discharge this responsibility effectively.

3. Connectivity for development

112. On various occasions, the General Assembly has encouraged United Nations organizations to create a system-wide application and use of ICT to strengthen the United Nations capacity to create and share knowledge, making more effective use of its delivery services to Member States. Vast repositories of knowledge and information are available within the United Nations system, but there is no reliable system-wide mechanism to institutionalize information sharing and knowledge management. A system-wide "mapping exercise" has not been carried out to identify agency expertise on the Millennium Development Goals and cross-cutting themes.

113. A United Nations system-wide strategy on ICT is currently being developed. The required organizational and skill structure that will be necessary to operationalize such a strategy will need to be considered in conjunction with a comprehensive review of the United Nations system field structure.

B. Development of national capacities, South-South cooperation and the role of the United Nations system

114. The General Assembly has stressed that capacity-building and its sustainability should be explicitly articulated as a goal of technical assistance in United Nations operational activities. The United Nations system was requested specifically (i) to enhance the capacity of national Governments to coordinate external assistance, (ii) to establish databanks, (iii) to carry out poverty assessments and (iv) to the fullest extent possible, to use national expertise and indigenous technologies for operational activities.

115. The Economic and Social Council has urged the organizations of the United Nations system, within their respective mandates, to support recipient Governments and other relevant stakeholders in devising country-level strategies for capacity-building in the pursuit of internationally agreed development goals. They should intensify inter-agency information sharing on good practices concerning capacity-building, reflecting them in the CCA and the UNDAF. The Council has invited all United Nations organizations to include reporting on capacity-building in their annual reports to their respective governing bodies. Action 15 of the 2002 United Nations reforms has been followed up on a continuing basis by the United Nations Development Group and the Executive Committee on Economic and Social Affairs, in the context of technical cooperation, with concrete measures aimed at ensuring coordination and coherence.

116. The promotion of cooperation among developing countries,[12] contributing to the development of national capacities, is also a critical dimension of United Nations development cooperation. The expansion of South-South cooperation is an ongoing process in which several United Nations organizations are involved. The United Nations system can also facilitate triangular cooperation, where the expertise of developing countries, combined with financial support from developed countries, can be used to assist developing countries at a less advanced stage of development.

1. Capacity-building, development results and use of national expertise

117. The past three years have seen considerable evolution in the way capacity-building has been addressed by the United Nations. Most notably, UNDP established

a Capacity Development Group and defined national ownership and capacity development as key drivers for development effectiveness in its results framework. At the system level, UNDP and DESA cooperated in achieving a consensus among United Nations agencies on the definition and importance of mainstreaming capacity development in all programmes. Many agencies now specifically articulate that capacity-building is a main objective of their operational activities. The international consensus on the development agenda has focused attention on long-term results and sustainability, for which national capacity is a necessity. Regional means of capacity-building are also playing an increasing role, at the same time promoting South-South cooperation. There may be need for further reflection and exchange of experience on capacity development requirements, from a system-wide perspective.

118. Growing attention is being paid to capacity-building of local-level institutions. There are indications of increased demand for the use of national/local capacities, including national volunteers, particularly in community-based programmes. Promoting and documenting these local-level successes have increasingly become important. A continuing issue is that of the "dual pay structure" created by external assistance programmes in general, including United Nations programmes, where national professionals hired to work in these programmes receive much higher compensation than their government counterparts, causing the "unbuilding of capacities" or capacity drain.

119. There continue to be issues of government leadership and ownership in developing or selecting technical cooperation strategies. In some countries, United Nations assistance is still largely perceived as donor-driven, thus eroding government ownership and commitment. Also, national execution, which provides greater government ownership, is often found to be a burden, particularly with regard to the arduous administrative tasks of project execution, and in many countries Governments are unable or unwilling to pay for the additional costs these tasks entail, especially in the presence of weak public-sector institutions.[13]

120. Weaknesses in capacity-building programmes are explained by diverse problems, such as inadequate assessment of needs, insufficient long-term perspectives, inability of recipient Governments to provide sufficient financial and administrative support to operate and maintain systems, focus on producing outputs rather than on the effectiveness of processes, focus on individuals rather than institutions and societal agents, and resources spread thinly over too many activities, rather than being devoted to programmes in areas where the agencies have strong distinctive substantive competencies.

2. Strengthening databases and poverty assessments

121. Many, if not most United Nations entities, including DESA, support the development of national databases, usually together with strengthening national capacities to process socio-economic data, including the collection of data and reporting. UNFPA continues to maintain partnership with the Statistics Division of DESA and PARIS21, and provides support to country census initiatives. Assistance to data collection is in line with mandates (e.g., UNICEF on child registration surveys, FAO on statistics on food crops for food security, WFP on vulnerability analysis and mapping, UNFPA on population and reproductive health). UNDP has been providing lead support to improving poverty measurement and monitoring, in

line with the earlier campaign on the 20/20 Initiative and the costing of the Millennium Development Goals in preparation for the Monterrey Conference. The preparation of national Millennium Development Goals reports has opened up an opportunity for the United Nations to assist recipient countries in addressing capacity gaps in databases and poverty assessments more broadly and in an integrated manner. Most notable is the development of ChildInfo by UNICEF, which has been adapted into DevInfo to assist Governments and United Nations country teams in producing national Millennium Development Goal reports. However, the United Nations system in the field appears to have been rather slow in taking up such opportunities and agencies' efforts continue to be sectorally focused. The extensive need for data for planning and management of broad interventions and for more in-depth analytical work in support of PRSPs, requires improvements in data collection, but the United Nations input appears to be of uneven quality and absent in some cases.

3. Strengthening coordination of external assistance

122. With its neutrality and multilateral character, the United Nations is considered as a trusted partner rather than a donor and is therefore especially well-positioned to support the development of capacity to coordinate external assistance. This is particularly true in countries where the Round Table mechanism is still being used and where UNDP provides lead support to aid coordination, as well as in countries in conflict and post-conflict situations.

123. The Rome Declaration on Harmonization of February 2003 has provided new impetus for alignment behind national priority plans and procedures, stressing the importance of national leadership of the process. UNDP, in particular, is increasingly requested to further improve government capacity in this area and is reviewing the tools available for that purpose. Sectoral platforms of coordination based on global campaigns have had some success (the HIV/AIDS programme for anti-retroviral drug access, Managing Water for African Cities, Cities Alliance). Although externally driven, they appear to be contributing to country-level sectoral coordination mechanisms, providing a link to international networks of support and good practices.

4. Support to South-South cooperation

124. Many United Nations agencies now have well-defined policies and/or programmes or projects for support to South-South cooperation. UNDP has continued to play a lead role in promoting technical and economic cooperation among developing countries.[14] UNCTAD is extensively involved in South-South processes, with a focus on study, analysis and dissemination of information to support developing countries in the area of trade and in bilateral and multilateral negotiations. The FAO Special Programme for Food Security organizes extended missions by experts from 20 advanced developing countries to work directly with farmers in other developing countries. UNFPA has continued its collaboration with Partners in Population and Development, and has provided assistance to assess the availability of technical expertise in South-South cooperation, analysing and disseminating lessons learned, best practices and replicable models. The International Partnership against AIDS in Africa is the world's largest South-South network focused on a single issue. The World Bank organized the first global South-South exchange of development expertise and experience in March 2004 whereby

the Bank called on developing country expertise to identify solutions for development.

125. The potential of ICTs to enhance various forms of South-South cooperation and to strengthen developing countries' solidarity based on digital inclusion has been recognized. South technology hubs can be used to adapt new technology, such as a "dot force" of specialists who teach computer skills through distance learning programmes in South Africa, and a computer prototype developed to provide Internet access to low-income users in Brazil. DESA and UNDP supported the establishment of the Regional Cooperation Centre for City Information in Shanghai, China, which has promoted access to and use of ICT throughout the Asian and Pacific region. However, South-South cooperation to harness the power of ICT is not purely a technical issue. It also requires changes in methods of work, the development of ICT strategies and public-private partnerships.

C. Gender mainstreaming in operational activities for development

126. The General Assembly has called for renewed and accelerated efforts in gender mainstreaming in the framework of the operational activities for development of the United Nations system in all fields, in particular in support of poverty eradication, and has encouraged the empowerment of women as a priority for United Nations development cooperation.

127. Progress has been made in mainstreaming gender perspectives in operational activities, including through capacity-building efforts, albeit with continuing constraints. The CCA and the UNDAF have provided a strategic vehicle for gender mainstreaming at the operational level. The CCA and the UNDAF guidelines evolved from the acknowledgement of gender equality as a cross-cutting issue in 1999 to the establishment of gender equality as one of the guiding principles in 2002. An external review, in 2002, of gender mainstreaming covering 15 countries, commissioned by the Task Force on Gender Mainstreaming in the CCA/UNDAF Processes Inter-Agency Network on Women and Gender Equality, showed that through the CCA and the UNDAF, country teams have been able to make some progress in this area. In 2003, there were 86 gender theme groups in 78 of the 135 programme countries where the United Nations system operates. The allocation of resources to undertake support activities initiated by gender theme groups was a determining factor for success, although in a number of countries gender theme groups have had difficulties sustaining their work. The contributions of the United Nations Children's Fund (UNICEF), UNFPA, WFP, and the United Nations Development Fund for Women (UNIFEM) have been of critical importance in this area. However, agencies have to take a greater individual responsibility for gender mainstreaming and lessen their dependence on agencies expressly concerned with gender issues.

128. The external review also indicated that there are still important shortcomings, which hinder in-depth treatment of gender issues in both the CCA and the UNDAF. For more than half of the countries surveyed, the approach adopted is more descriptive than analytical, and focus tends to concentrate on a few sectors (primarily health and education), mainly because of the unavailability of sex-disaggregated data in other sectors or for the country as a whole. Similar concerns can be noted in relation to PRSPs. Employment, access to productive resources and

other economic issues have not been dealt with consistently. On a positive note, however, work in introducing pro-poor and gender-sensitive budget analysis is gaining ground in more countries thanks to a collaborative effort of entities of the United Nations system, in particular UNIFEM and UNDP.

129. Most agencies of the system have established and updated their policy frameworks to guide their respective efforts in gender mainstreaming. For instance, the WFP Enhanced Commitment to Women calls for gender mainstreaming in all programme activities. Practically all the agencies have field-level operational activities that support building national capacities that address gender issues, including gender mainstreaming.

130. The need for greater integration of a gender perspective into emergency humanitarian assistance and for ensuring protection of women and girls from sexual abuse and exploitation in crisis situations is also receiving increased attention at the operational level. Policies, strategies and guidelines have been developed and are addressed to personnel involved in humanitarian operations and rehabilitation activities.

131. In conclusion, the experience so far accumulated in the area of gender mainstreaming shows a number of challenges that require further attention:

(a) While many programmes have increasingly integrated gender perspectives, this is more the result of efforts by individual staff members and experts than of clearly articulated organizational priorities, in spite of the existence of policy guidance on this issue in most agencies.

(b) Accountability for gender mainstreaming and its results remains weak, since the links between gender equality goals and women's empowerment, and sector goals and outcomes are often not specified in programmes, including in the UNDAF.

(c) There are gaps in sex-disaggregated data and gender-specific information and analyses in key areas, including macroeconomics, migration, energy, water, agriculture, urban and rural development, population issues, HIV/AIDS and ICT.

(d) Analytical capacities and monitoring mechanisms within the United Nations system on gender issues are still inadequate.

VI. Operational activities for development of the United Nations system in countries in transition from crisis to development

A. Development of a comprehensive approach to countries in crisis

132. Throughout the 1990s, several ways to bridge the gap, in a post-conflict context, between the assistance provided for humanitarian relief and development assistance were explored. The humanitarian Consolidated Appeals Process was expanded to incorporate immediate rehabilitation and recovery requirements, as and when needed, at the same time as the introduction of such instruments as the CCA and the UNDAF provided a basis for a more strategic coordination of programming for recovery. The relationship between the CCA and the UNDAF, on the one hand, and the Consolidated Appeals Process and the Common Humanitarian Action Plan on the other, has varied. In some cases, they have all been combined into one

process, even including the PRSP, with one outcome document (e.g., the Peace Building and Recovery Strategy for Sierra Leone). In other cases, they have been kept as parallel exercises, with their respective strengths and limitations. Experience shows that both the Consolidated Appeals Process and the UNDAF can be used in "transitional" processes, although work is still needed to ensure methodological and strategic consistency between them. The United Nations Development Group/Executive Committee on Humanitarian Affairs Working Group on Transition Issues recently completed its groundwork on these issues. Methodology for post-conflict needs assessment is being further developed and has been used in recent situations as a tool to assess needs, develop a post-conflict transition strategy and engage in consultations with national and international actors to agree on joint priorities and define commitments.

133. The relationship between these United Nations-sponsored mechanisms and the Country Assistance Strategy of the World Bank, the PRSP and the Transitional Support Strategy, usually followed by an International Development Association-funded emergency demobilization and reintegration programme and/or a rehabilitation and reconstruction programme, depends on how well the United Nations country team and the World Bank collaborate and how clearly linkages are defined. Better collaboration by the United Nations with the rest of the donor community and with NGOs is also essential.

B. Coordination of the United Nations system's operational activities for development in transition situations

134. There is evidence that the quality of the Resident Coordinator as Humanitarian Coordinator is improving as humanitarian qualifications are being taken into account in the selection process, which involves the Office for the Coordination of Humanitarian Affairs (OCHA), UNDP and the Inter-Agency Standing Committee. Also, the Special Representatives of Secretary-General in charge of peace and security missions are generally mandated to coordinate all United Nations activities that take place where the missions are deployed. In recent years, the practice of designating the Resident Coordinator/Humanitarian Coordinator deputy to the Special Representative of the Secretary-General has increased awareness of development issues in the context of peace and security strategies. A continuing concern is the lack of systematic and coherent support from headquarters to the Special Representatives of the Secretary-General and to the Resident Coordinators/Humanitarian Coordinators.

135. In terms of headquarters coordination mechanisms, the report of the Panel on United Nations Peace Operations (the "Brahimi Report") provided for the establishment of a headquarters integrated mission task force in post-conflict environments. Since then, joint meetings of headquarters coordination entities (the United Nations Development Group, the Executive Committee on Humanitarian Affairs and the Executive Committee on Peace and Security) are becoming more frequent and the Department of Peacekeeping Operations has facilitated a number of inter-agency coordination mechanisms before an integrated mission task force is launched. Economic and Social Council ad hoc advisory groups have been set up by Member States to strengthen the relationship between the political (Security Council) and economic and social (Economic and Social Council) domains. However, the various mechanisms and how they interrelate require improvement.

C. Capacity-building to consolidate peace

136. Critical to transition is building the capacity of the Government or national transitional authorities to assume responsibility for overseeing and coordinating reconstruction, including aid coordination and promoting democratic processes through broad-based participation, which entails significant cost. These activities are not usually funded as part of humanitarian aid and require support through development cooperation. The ability of Governments to assume leadership in a post-conflict transition process depends on whether a Government is in place or functioning institutions have disintegrated, and in the latter case, whether the United Nations has been given a mandate and/or de facto exercises executive and even judicial authority in the country. To address the root causes of poverty, inequality and injustice and to promote respect for the basic principles of human rights and the rule of law, the United Nations is often confronted with the challenge of performing its normative and humanitarian assistance role while, concurrently, strengthening government leadership and capacity-building aimed at reconstruction. The needs assessment in transition situations and the CCA have provided opportunities to bring out these issues, which have found space in capacity-building initiatives included in the UNDAF.

137. Increasing demand for capacity-building efforts in transition situations is met by United Nations agencies intensifying their operations. This is an important role for the United Nations system, including operational mandates in situations of disarmament, demobilization and reintegration of former combatants, and in the context of small arms reduction. Other key areas of capacity-building are reform of the security sector, institution of an electoral system, installation of a transitional justice system and restoration of administrative governance for the delivery of basic services and economic management. The United Nations system has met increasing demands for assistance in conflict and post-conflict situations and in crisis prevention operations. Such assistance was provided in 65 countries in 2003. UNDP has responded to these needs by establishing a Post-Conflict Reconstruction Fund and upgrading its Emergency Response Division to a Bureau for Crisis Prevention and Recovery. It is important to stress that capacity-building activities to consolidate peace are not normally funded as part of the Consolidated Appeals Process. Furthermore, demand for capacity-building in post-conflict situations reaches much greater levels of intensity than agencies generally plan for in their regular programming of support to the development of national capacities.

138. To respond to the requirements of humanitarian emergencies and transition situations, the resident coordinator system requires skills in strategic planning and expertise in governance, political analysis, human rights and humanitarian action, to be applied not only in transitional situations, but also to enhance the capacity to diagnose and manage potential conflicts in countries at risk. OCHA is expanding training in contingency planning, while UNDP and the United Nations Staff College have begun training on conflict prevention and early warning activities. The extent to which these skills are applied in the CCA and to which they have been able to enhance national dialogue requires further consideration. The big challenge is to build capacity for systematic rapid deployment of qualified personnel in transition situations without jeopardizing other operational capacities at the country level.

VII. Partnership between the United Nations system and the national development stakeholders and partners

A. National ownership and partnerships

139. National ownership of development strategies is recognized as a first requirement for effectiveness of development assistance and the United Nations is well placed to ensure that this ownership is fully exercised. In practice, achieving national ownership is a complex endeavour.

140. Achieving the Millennium Development Goals and accelerating human development are impossible without the active participation and engagement of the State and civil society. Beyond government ownership, full national ownership requires broad-based engagement and participation of the civil society. United Nations organizations have demonstrated their capacity to work with all relevant national partners. UNDP support to the adoption of national strategies, such as sustainable development strategies, has involved the formation of broad alliances with major groups of State and civil society, as defined in the 1992 Agenda 21. The Convention on the Rights of the Child and other new developments have broadened the UNICEF agenda to include child development and protection, and the empowerment of target groups, in particular women. WHO has been working closely with the national health authorities, providing them with policy guidance. To meet new health challenges, WHO is committed to cooperating on health systems development by reinforcing its collaboration with the private sector and the civil society engaged in health work. IFAD strategic priorities include strengthening the capacity of the rural poor and their organizations, giving them a role in decision-making. The focus on increased social justice and inclusiveness is particularly useful in post-conflict rehabilitation or crisis prevention and illustrates the comparative advantage of the United Nations in situations where bilateral aid agencies and NGOs would be unable to function. Collaboration with the national business sector characterizes the activities of several United Nations organizations. Significant examples can be found with UNDP, UNEP, the International Telecommunication Union (ITU), ITC, the United Nations Industrial Development Organization (UNIDO) and UNICEF.

B. Relations with the Bretton Woods institutions

141. The outcome of the major international meetings of the past decade, the Millennium Summit and the Monterrey Conference, led to a shared perspective on development objectives and principles between the United Nations agencies and the Bretton Woods institutions. The Monterrey Consensus, in particular, created further incentives for the United Nations system, including the Bretton Woods institutions, and other development partners to address issues of coherence, coordination and cooperation, which led to important donor initiatives, such as the 2003 Rome meeting on simplification and harmonization of donor assistance mechanisms and the 2004 Marrakesh second round table on "Better measuring, monitoring and managing for development results". However, evidence shows that progress at the global, inter-agency level has not yet trickled down effectively to country-level operations.

142. Recent reforms in the United Nations agencies and in the World Bank in terms of focus and approaches, accompanied by considerable field-level delegation of authority, have created many opportunities for greater country-level cooperation among them in non-traditional areas (post-conflict reconstruction, policy advice and knowledge management). The convergence on fundamental principles, such as that of national ownership of national development processes based on country-driven strategies, has also created the conditions for the alignment of their respective operations on national strategic frameworks, such as the PRSP, sector-wide approaches and strategic partnership approaches, to ensure better synergies and more effective division of labour. In several countries, the working partnership of the United Nations resident coordinator, representatives of United Nations agencies and the World Bank country directors has improved significantly in recent years. Nonetheless, their collaboration tends to be limited to specific projects or programmes and sectoral alliances, and lacks a shared strategic approach. It is often limited to consultation and concrete forms of collaboration in the context of the formulation of the CCA, the UNDAF, the PRSP and to coordination of external assistance.

143. Although the Bretton Woods institutions are increasingly seen as an integral part of the United Nations system as a consequence of the convergence of all multilateral development institutions around the global agenda that emerged from the Millennium Summit and other conferences and summits, they are not formally integrated in the resident coordinator system but entertain a special collaborative relationship with it, in forms that vary from country to country.

144. Actual collaboration at the country level between the Bretton Woods institutions, on the one hand, and United Nations funds and programmes, specialized agencies and other United Nations entities, on the other, depends on a number of factors, including their different capacities and the opportunities that emerge in each country. In general, the scarcity and uncertainty that characterize the funding of several United Nations agencies, hampering their capacity to commit themselves to long-term plans and to ensure a stable country presence, may often result in a loss of interest in or opportunities for establishing stronger collaborative links with the Bretton Woods institutions and other external development partners, including regional banks. This has obvious repercussions on the visibility and credibility of United Nations agencies as partners, even in those areas in which the United Nations would have a clear comparative advantage (advocacy for human rights, democratic good governance, etc.).

145. The World Bank, on the other hand, functions both as a decentralized and headquarters agency. Its representatives in the country, as well as the International Monetary Fund (IMF) representatives, generally participate in the activities of the United Nations country team. Even though their working relationship might be excellent, this does not necessarily lead to common strategic planning. Collaboration on specific projects/programmes with individual agencies is often initiated at headquarters between World Bank staff and United Nations specialized agencies.

146. The difference in policies and procedures between the Bretton Woods institutions and the United Nations agencies also shapes their country-level relationship. A more vigorous involvement of United Nations agencies in donor processes such as the Rome and Marrakesh processes and the sector-wide approaches would facilitate greater policy and programming coherence and

coordination between the United Nations agencies and other donors (World Bank, IMF, regional banks and bilateral donors) at the sectoral and strategic levels. The translation of the Millennium Development Goals into national strategic objectives and greater donor alignment with national strategies and processes offer both challenges and a strong basis for a more strategic collaboration between the United Nations agencies and the Bretton Woods institutions.

Notes

[1] Mandated by General Assembly resolution 56/201 (para. 96), Economic and Social Council resolution 2003/3 (para. 37) and other relevant resolutions. The report is complemented by the Secretary-General's preliminary report on comprehensive statistical data on operational activities for the year 2002 and by a number of conference room papers on specific themes.

[2] See also the report on comprehensive statistical data on operational activities for the year 2002 (A/59/84-E/2004/53) submitted in compliance with General Assembly resolution 35/81 of 5 December 1980, the "Consolidated list of issues" prepared by the funds and programmes, in consultation with the United Nations Development Group, in compliance with General Assembly decision 98/27 (para. 4), and separate conference room papers.

[3] See the report of the Secretary-General "Renewing the United Nations: a programme for reform" (A/51/950) of 14 July 1997, in particular Action 10.

[4] See the report of the Secretary-General "Strengthening of the United Nations: an agenda for further change" (A/57/387) of 9 September 2002, in particular Action 14 on enhancing field-level coordination and Action 15 on technical cooperation. Follow-up to Action 14 is analysed in the present report. Action 15 is followed up on a continuing basis by the United Nations Development Group and the Executive Committee on Economic and Social Affairs, which would ensure coordination and coherence in technical cooperation in that context.

[5] The Department of Economic and Social Affairs (DESA) visited 14 countries: (a) in Sub-Saharan Africa: Benin, Ethiopia, Kenya, Madagascar and Zambia; (b) in Latin America and the Caribbean: Bolivia, Guatemala and Paraguay; (c) in Asia: Indonesia, the Lao People's Democratic Republic and Pakistan; (d) of the Arab States: Egypt; and (e) in Eastern Europe and the Commonwealth of Independent States: Kyrgyzstan and Uzbekistan. Headquarters consultations involved the agencies of the Executive Committee of the United Nations Development Group, the Office of the United Nations Development Group and agencies not based in New York; two inter-agency workshops were held, in Rome and Geneva respectively. An inter-agency task force on the 2004 triennial comprehensive policy review was established, consisting of evaluation offices of the United Nations system, and provided key inputs to the analysis. A global inter-agency retreat was organized in March 2004, in collaboration with the United Nations System Staff College, with the participation of headquarters and country-level representatives of the United Nations system and observers from Governments and NGOs. Questionnaires were sent to all Member States and, for the first time, also to a sample of NGOs. Responses received provided valuable insights. The analysis has also benefited from the normative and operational work of various units of DESA.

[6] See General Assembly resolution 56/201, para. 53

[7] Estimates produced by DESA for the Expert Group Meeting on the World Economy (Project LINK), New York, 14-16 April 2004.

[8] A total of 36 Member States provided input to the present report, in response to questionnaires (22 countries), through country visits (14 countries) or by participating in an inter-agency consultation workshop in Turin in March 2004. These consultations focused, inter alia, on the comparative advantages and value added of United Nations development cooperation, its impact and results, its relationship with internationally agreed goals, its coordination, coherence and operational efficiency, the country-level capacity of the United Nations system and the impact of United Nations reforms on operational activities for development of the United Nations system.

Although the list of countries involved cannot be considered a statistically representative sample, they make up an indicative group, which often showed significant convergence in the views and information provided. The group comprised 13 countries that are considered traditional donors and 23 countries that can be considered as beneficiaries of United Nations development support, including a few that have a dual position.

[9] The expansion of the thematic coverage of the CCA and the UNDAF should not be pursued as a target per se, so that all mandates of United Nations system organizations are reflected in these documents. The goals that inspire these two mechanisms should reflect national priorities and focus on the most important ones. The UNDAF results matrix should be a very helpful instrument in this regard. Specific goals, which may be of major importance only for specific technical agencies, or well-defined national interlocutors (e.g. civil aviation, postal services, meteorological services, etc.), may not find room in the national development priorities identified in the CCA and the UNDAF, even if they cover essential services for the country.

[10] In its resolution 44/211, following the first triennial comprehensive policy review, the General Assembly emphasized that "the United Nations system at the country level should be structured and composed in such a way that it corresponds to ongoing and projected cooperation programmes rather than to the institutional structure of the United Nations system". Three years later, in its resolution 47/199, the Assembly reiterated the same point, stating that "the United Nations system at the country level should be tailored, taking into account the views of the recipient Government, to the country's specific development needs".

[11] That should not prevent the flexible use of consultants when specialized expertise (e.g. food security, vulnerability analysis) is required.

[12] In 2003, the High-Level Conference on South-South Cooperation was held in Marrakesh to take stock of cooperation among developing countries since the Buenos Aires Plan of Action, endorsed by the General Assembly in 1978. In the Marrakesh Framework of Implementation of South-South Cooperation, the participants stressed the importance of adequate integration of such cooperation in national, subregional, regional and international policies, and agreed to implement specific measures and initiatives.

[13] UNDP, *Development Effectiveness Report 2003*.

[14] See, for example, the description of the work of the UNDP Special Unit for Technical Cooperation among Developing Countries in the report of the Secretary-General on the State of South-South cooperation (A/58/319).